



# *COMPETITIVE AMENDMENT*

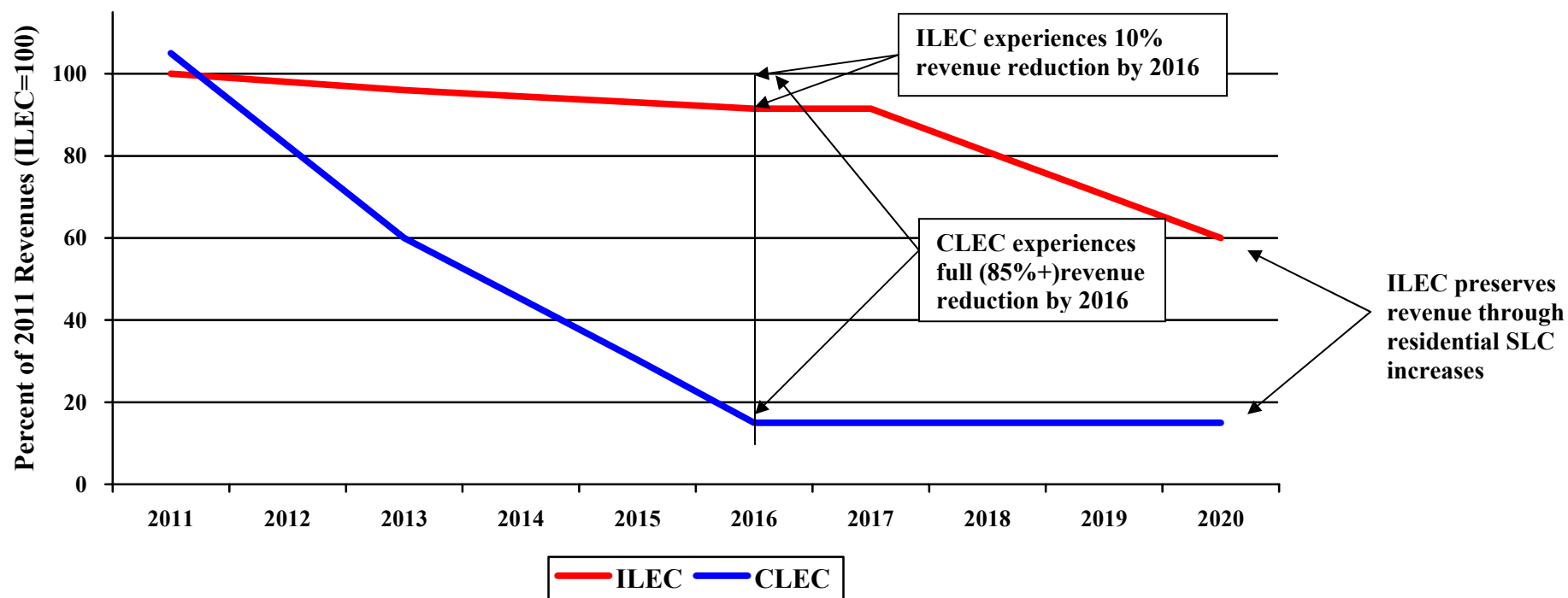
on

Intercarrier Compensation Reform and  
IP-to-IP Interconnection

# The Most Critical Changes of the *Competitive Amendment*

- \* Make clear 251/252 is technology neutral and includes IP-to-IP Interconnection so that carrier negotiations for next generation interconnection agreements can begin.
- \* Adopt a clean reading of 251(b)(5) – which compels a transition to 252(c)(2) compliant rates for both transport and termination.
- \* Provide CLECs a transition of equal length to the ILECs.
- \* Cap the ARM and require that multi-line business SLCs face the same increase as residential and small business users.
- \* Treat VoIP consistently with all other traffic.

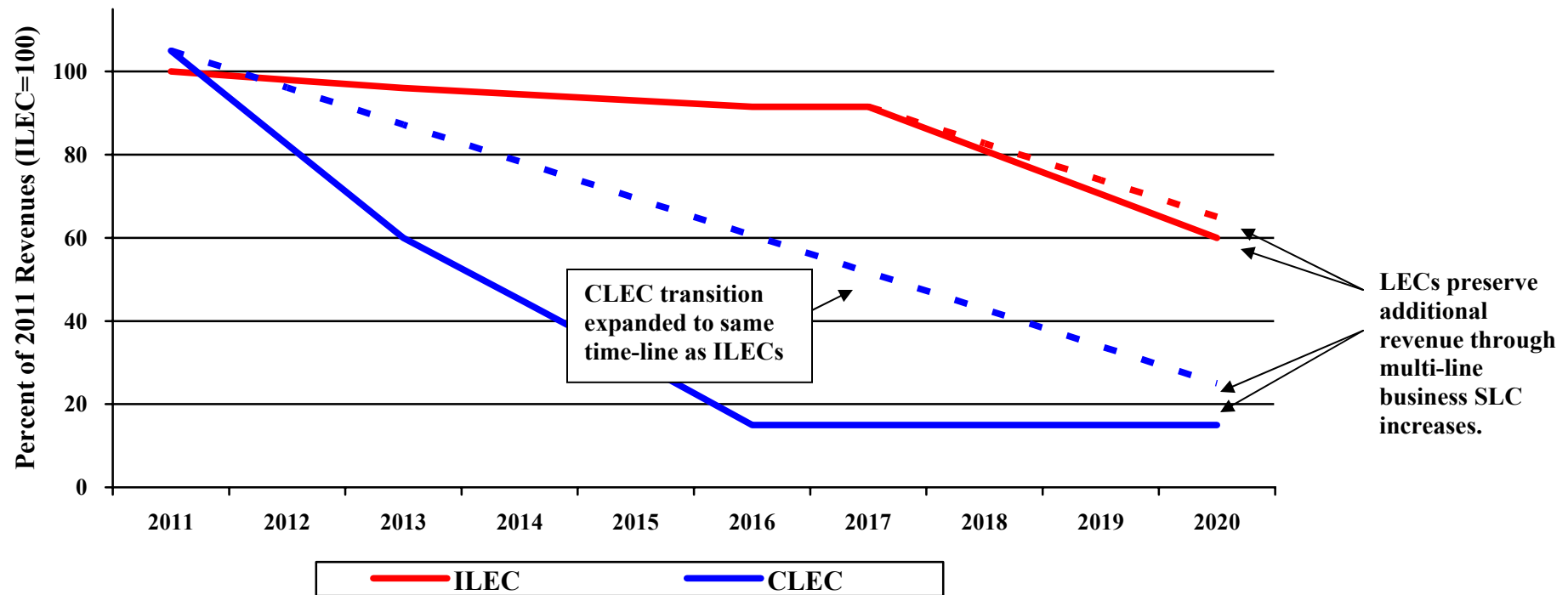
### Illustrative Comparison of ICC Revenue Streams: Typical CLEC and Price-Cap ILEC under ABC Plan



Revenue relationships depicted by graph:

1. \$0.0007 rate reduces ICC revenues by 85% overall.
2. CLEC serves the business market and, therefore, obtains no offsetting revenues from residential SLC increase.
3. CLEC intrastate access revenues are 5% larger than price-cap ILEC at initiation of plan.
4. ILEC is able to offset 60% of ICC revenue loss through increases in residential (and single-line business) SLC.
5. Revenue streams are shown as a percentage of 2011 revenue (ILEC=100), and include ARM and estimated revenues from residential SLC increases (for ILEC). Revenue trends account only for changes caused by ABC plan.

## Illustrative Comparison of ICC Revenue Streams: Typical CLEC and Price-Cap ILEC under ABC Plan with Competitive Amendment



Revenue relationship changes that are part of the Competitive Amendment:

1. ARM is reduced by imputed increases in multi-line SLCs (not shown).
2. CLEC revenue reduction partially offset by enhanced revenue increases in the business market (to the extent ILECs actually increase multi-line business SLCs).
3. CLEC transition extended to same time-line as ILEC transition (equal annual reductions in intrastate and interstate access).
4. Transport and termination rates are consistently governed by 251(b)(5). (not shown).